

## CATASTROPHIC ASSISTANCE & RELIEF FOR EMPLOYEES

This policy supersedes and cancels HR Letter 602 issued August 1, 2018.

### PARTICIPATING COMPANIES

The current list of FirstEnergy companies that are covered by the following policy letter is provided in Human Resources Letter 011 entitled Participating Companies.

### PURPOSE

The Catastrophic Assistance & Relief for Employees (CARE) program provides assistance to employees who have a hardship due to a medical or unforeseeable emergency affecting themselves or a member of their immediate family.

### ELIGIBILITY

All regular full-time and part-time employees, and represented employees whose collective bargaining agreement allows, may be eligible to participate and receive support from the program. Temporary employees and individuals who are required to report stock transactions under Section 16 of the Securities and Exchange Act (“insiders”) are not eligible to receive benefits under this program.

### POLICY

Employees are encouraged to donate unused time to the CARE program to provide support to fellow employees experiencing hardships due to medical or other qualifying emergency situations.

An employee may make voluntary and confidential donations of their unused time-off hours including vacation, banked or frozen vacation, Vacation Paid Absence Days (VPAD), Paid Absence Days (PAD), Paid Time Off (PTO) or Purchased Paid Time Off (PPTO), as well as deferred time including COVID-19 PTO, to the CARE program. Employees may not donate more than one-half of their annual allocation, unless the donating employee is terminating employment with the Company, in which case all available time may be donated.

During a major disaster or emergency declared by the United States President, an employee may voluntarily donate unused time-off hours to a special CARE pool to be used by affected employees experiencing a hardship requiring them to be absent from work within 12 months of a major disaster or emergency declaration. The use of donated hours shall be subject to all the requirements of IRS Notice 2006-59 on *Amounts Paid Pursuant to Leave-Sharing Plans To Assist Employees Affected by Presidentially Declared Major Disasters*.

Donating employees must submit a completed CARE donation form (Form X-4580) to the Benefits group. The Benefits group will confirm the donor's quota balance and make the appropriate transfer of donated hours from the donor to the CARE program. Time donated to the CARE program is not taxable to the donating employee.

### **Benefits Available Through CARE**

There are multiple options for eligible employees to apply for benefits through CARE program, including:

- Use of donated CARE hours
- Conversion of Frozen or Banked Vacation to Cash
- Company loan

#### *Use of Donated CARE Hours*

Employees may receive assistance through the use of donated CARE hours as defined and provided by the Company's policy or the employee's collective bargaining agreement. Full-time employees may receive no more than 520 hours of donated time each calendar year. Part-time employees may receive up to 25% of their regularly scheduled hours in donated time each year. Employees will be required to provide a description of the hardship, including how the hardship qualifies as a medical or unforeseeable emergency, and to whom the hardship applies. Sufficient credible evidence or supporting documentation must also be provided. What will be considered sufficient credible evidence or supporting documentation in a given instance shall be determined by the Benefits group based upon the relevant facts and circumstances.

Prior to using donated time, employees must have exhausted their available time-off benefits, with the exception of retaining frozen or banked vacation and up to 40 hours of the current annual time-off allotment.

In the event that an employee is receiving reduced sick or short-term disability pay or is awaiting decision for long-term disability approval, the CARE program's donated hours are not intended to be used to increase or supplement the employee's pay. Benefits under the applicable sick or disability program would apply as appropriate.

All donated time is paid at the receiving employee's pay rate and charged to their current Business Unit at the time of use. While receiving donated time, employees may not receive more than regular straight time pay per week and will be responsible for applicable taxes. The amounts paid by the Company to a recipient are included in gross income and are considered wages subject to withholding of Federal, State, or local taxes.

Donated hours may only be used for the hardship for which they were granted. Donated time may only be taken during the time period approved by the CARE Committee. If employees receiving donated time are terminated for any reason, including discharge, resignation, or retirement, the unused donated time is returned to the CARE program.

#### *Conversion of Frozen or Banked Vacation to Cash*

Employees who have a financial hardship due to a medical emergency or an unforeseen emergency may be eligible to cash in their frozen or banked vacation. Only the amount needed to cover the financial hardship may be converted to cash. An employee must

provide credible evidence of the financial hardship before the Company converts vacation into cash. Conversion of banked vacation to cash will be paid at the employee's 12/31/2008 pay rate and is considered taxable income to the employee. All payments are made as a lump sum. Other types of vacation, such as VPADs, PADs, PTO, and PPTO, have no cash out value and are not eligible for conversion to cash.

#### *Company Loan*

Eligible employees who have a severe financial hardship may apply for an interest free loan up to \$10,000, through the Company. Only the dollar amount needed to cover the financial hardship may be borrowed. An employee requesting a loan must provide credible evidence of the hardship and the amount needed. In addition, the employee must demonstrate they have exhausted all other reasonable means to satisfy the financial need associated with or otherwise address the hardship.

A loan will not exceed the amount needed nor may it exceed \$10,000 and will be repaid in a period not to exceed five years. Employees who qualify for a Company loan will be required to complete a promissory note agreeing to certain terms and conditions including, but not limited to, the administration of the loan by FirstEnergy and repayment of the loan through mandatory payroll deduction. Employees may also make additional payments directly to FirstEnergy to fulfill their loan obligation. In the event the employee defaults on repayment of the loan, the employee will be responsible for any taxes applicable to the outstanding balance.

#### PROCEDURE

To apply for assistance under the CARE program, an employee must complete a CARE application form (X-3308). If the request includes the use of donated CARE hours, the employee's supervisor must complete Section II of the application.

Completed applications should be submitted to the Benefits group in the Human Resources Department. Upon receipt, Benefits will review the application provided and contact the employee for additional information, if needed, prior to submission to the CARE Committee for consideration. Requests will not be submitted to the CARE Committee until all required information, credible evidence and supporting documentation is received by Benefits.

All employee requests for assistance through the CARE program will be reviewed by the CARE Committee, which is comprised of representatives from the Human Resources, Controller's and Treasury Departments. The CARE Committee will determine if the employee qualifies for the requested assistance and will respond to the employee within 14 days of the date the CARE application is received by the Committee with all required documentation. If assistance is denied, the employee may request a second review. The CARE Committee will conduct a second review of the employee's request, including any additional information provided and a final decision will be made within 14 days. If denied, a representative from the CARE Committee will inform the requesting employee of the reason for denial.

The Company's interpretations and applications of all words, terms, phrases, conditions, and provisions of this program are final and absolute, and binding on Company employees.

Confidentiality of requests for conversion of time to cash or for company loans will be maintained by the Benefits group in the Human Resources Department and the CARE Committee, with the exception of the action necessary to provide assistance to employees.

## DEFINITIONS

**Hardship** A financial or personal need due to a medical or unforeseen emergency which affects the employee or a member of the employee's immediate family. The hardship must be unexpected, create significant need for the employee, and meet the definition of medical emergency or unforeseen emergency noted below. In addition, the employee must be unable to satisfy the financial need by any other reasonable means. The need for assistance cannot arise out of the use of drugs, alcohol, willful conduct, the commission of a crime, or violation of law or Company rules.

**Medical Emergency** A medical condition of an employee or immediate family member requiring prolonged absence of the employee from work and resulting in a substantial loss of income to the employee because the employee will have exhausted all their paid leave. A medical emergency cannot be as the result of an elective procedure by the employee or immediate family member.

**Unforeseen Emergency** A financial hardship of an employee resulting from an illness or accident of the employee or employee's immediate family member, loss of the employee's property due to casualty, or other similar extraordinary and unforeseen circumstances arising as a result of events beyond the control of the employee, and in which the employee did not participate.

**Immediate Family** An employee's immediate family includes the employee's spouse, domestic partner, son/daughter, parent, or other dependent for whom the employee has day-to-day responsibility for care and financial support.

**Substantial Loss of Income** Significant reduction or total loss of household earnings.

**Reasonable Means** Combined household financial resources including, but not limited to, income, savings, 401(K), conversion of frozen or banked vacation hours and other accessible investments, loans or benefits.

**Credible Evidence** Documentary evidence of combined household financial resources and the financial hardship; or for purposes of time sharing, a verifiable objective dependable demonstration of a qualifying medical or unforeseen emergency. Examples include W-2 form, bank statement, invoice of expense, insurance report or response, loan application or response, or Family Medical Leave application for serious illness of qualifying family member.

#### PROHIBITION OF COERCION AND MISUSE

Employees may not directly or indirectly intimidate, threaten, or coerce, or attempt to intimidate, threaten or coerce other employees with respect to donating, receiving, or using CARE program benefits. The terms “intimidate,” “threaten,” or “coerce,” include promising to confer or conferring any benefit - such as an appointment or promotion or compensation - or effecting or threatening to effect any reprisal - such as deprivation of appointment, promotion or compensation. Such actions, as well as misuse of the CARE program, such as misrepresentation of a hardship or not using the assistance for the purpose it was granted, will result in disciplinary action up to and including termination of employment.

If it is determined by the Company that an employee who is receiving donated vacation time is misusing such time or abusing the Company’s time off benefits, the hours can be withdrawn from the employee at the CARE Committee’s discretion. Additionally, disciplinary action, up to and including termination, could occur.

#### CLARIFICATION

This Human Resources policy is not a contract. The Company reserves the right to amend, change, or discontinue this program at any time at its sole discretion, without notice and without incurring any obligations. Questions concerning this policy should be directed to the Benefits group in the Human Resources Department.